

Date: Thursday 15 June 2017
Time: 9.30am
Meeting Room: Room 1, Level 26
Venue: 135 Albert St
Auckland

Regulatory Committee

OPEN MINUTE ITEM ATTACHMENTS

ITEM	TABLE OF CONTENTS	PAGE
5.1	Four Winds Foundation - Jared True : Review of the Auckland Council's gambling venue policies	
A.	15 June 2017 - Regulatory Committee - Item 5.1 Four Winds Foundation - feedback	3

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Feedback on Auckland Council's Gambling Venue Policy

June 2017



Introduction

Four Winds Foundation Limited is an Auckland-based national gaming trust which has 80% of its venues located in Auckland.

Four Winds asks councillors to advocate for a review of the current gambling venue policy, in order to ensure that the valuable community funding generated remains sustainable.

As part of the review, Four Winds asks that council consult on a range of options, including the option of introducing a population-based cap, and allowing existing venues to relocate.

Non-Casino Gaming Machines Have Reduced by 30% Since 2004

In March 2004, the seven cities and districts that now comprise Auckland City had 419 gaming venues and 5,243 non-casino gaming machines. Auckland City currently has 259 gaming venues and 3,675 non-casino gaming machines, a 30% decrease in machine numbers.

The Importance of Community Funding

Auckland's non-casino gaming machines generate \$102 million in community funding each year (this includes the non-published funding used by clubs).

100% of the profits from class 4 gaming machines are returned to the community by way of authorised purpose payments. In stark contrast, the profits from Auckland's SkyCity Casino are paid out to its shareholders, many of whom are based offshore.

Council's current sinking lid policy, which does not allow for relocation, is slowly moving the discretionary gambling spend from the non-commercial community model (the class 4 model), to the commercial Casino model and to offshore-based online gambling providers.

It is important that the current funding be protected and remains sustainable. There is no alternative funding available to Auckland-based community groups. Auckland Council is unlikely to provide additional community grants. Central Government is also unlikely to provide additional grant funding.

In 2012, Auckland Council commissioned a community funding report. The report confirmed how essential gaming machine funding is to a very large number of grassroots organisations and how extremely difficult it would be for such funding to be obtained from alternative sources. The key findings of the survey were:

- Most respondents (75%) indicated that their organisation is moderately or totally reliant on gaming machine funding to fund core business activities.
- Two-thirds of respondents (68%) said that they thought that they would be unlikely to find another source of funding if gaming funding was not available.



Four Winds currently faces an unprecedented level of demand for community funding. Unfortunately, due to the inability to obtain new venues in Auckland, the amount of grant applications that are declined, due to lack of available funds, is increasing.

Extensive Safeguards are Already in Place

A sinking lid policy is no longer necessary in light of the significant measures that are already in place to minimise the harm from gaming machines.

There is a statutory age limit that prohibits persons under 18 years of age playing a gaming machine.

There are very restrictive limits on the amount of money that can be staked and the amount of prize money that can be won. The maximum stake is \$2.50. The maximum prize for a non-jackpot machine is \$500.00. The maximum prize for a jackpot linked machine is \$1,000.00.

All gaming machines in New Zealand have a feature that interrupts play and displays a pop-up message. The pop-up message informs the player of the duration of the player's session, the amount spent and the amount won or lost. The message is then displayed asking the player whether they wish to continue with their session or collect their credits.

Gaming machines in New Zealand do not accept banknotes above \$20.00 in denomination.

ATMs are excluded from all gaming rooms.

All gaming venues have a harm minimisation policy.

All gaming venues have pamphlets that provide information about the characteristics of problem gambling and how to seek advice for problem gambling.

All gaming venues have signage that encourages players to gamble only at levels they can afford. The signage also details how to seek assistance for problem gambling.

All gaming venue staff are required to have undertaken comprehensive problem gambling awareness and intervention training.

Any person who advises that they have a problem with their gambling is required to be excluded from the venue.

It is not permissible for a player to play two gaming machines at once.

All gaming machines have a clock on the main screen. All gaming machines display the odds of winning.

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The design of a gaming machine is highly regulated and controlled. For example, a gaming machine is not permitted to generate a result that indicates a near win (for example, if five symbols are required for a win, the machine is not permitted to intentionally generate four symbols in a row).

It is not permissible to use the word "jackpot" or any similar word in advertising that is visible from outside a venue.

Unintended Consequences – Increase in Internet and Mobile Phone Gambling

The current sinking lid policy has unintended consequences, as it results in a migration of the gambling spend to offshore internet and mobile-based offerings. While it is illegal to advertise overseas gambling in New Zealand, it is not illegal to participate in gambling on an overseas-based website or mobile phone application.

The internet is progressively becoming a normal feature of commercial and social exchange. It now takes only a simple search and a few minutes to download to your computer, tablet or mobile phone any type of casino game you desire, including an exact replica of the gaming machine programs currently available in Auckland gaming venues.



However, offshore-based online gambling poses considerable risks because it:

- Is highly accessible, being available 24 hours a day from the comfort and privacy of your home;
- Has no restrictions on bet sizes;
- Has no capacity for venue staff to observe and assist people in trouble;
- Reaches new groups of people who may be vulnerable to the medium;
- Provides no guaranteed return to players;

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- Is more easily abused by minors;
- Has reduced protection to prevent fraud, money laundering or unfair gambling practices; and
- Is an unregulated form of gambling, so on-line gamblers are often encouraged to gamble more by being offered inducements or by being offered the opportunity to gamble on credit.

If a reduction in gaming machines only redirects gamblers to offshore-based internet gambling, there is no harm minimisation advantage in that strategy. In addition, there are further disadvantages in the fact that no community funding is generated for New Zealanders, no tax revenue is generated for the New Zealand Government and no contributions are made via the New Zealand problem gambling levy.

Population-Based Cap

Four Winds accepts that Council may not wish to see a growth of non-casino gaming machines in Auckland City. However, given Auckland's rapid population growth, and the increasing demand for community funding, a population-based cap that keeps the number of gaming machines per resident the same as the current ratio is a reasonable way to both control the growth of gambling and keep community funding sustainable.

A population-based cap will enable gaming machines to be located in taverns built in the new suburbs. This will enable community organisations based in these new areas to obtain grant funding. The majority of gaming trusts have a policy of returning grant monies to the immediate area in which the funding is generated. This is preventing community organisations based in these new suburbs from obtaining funding.

Relocation

Four Winds asks that councillors also seriously consider introducing a provision that enables existing gaming venues to relocate.

Currently there are numerous taverns and clubs located on large areas of land, which could relocate and free up land for new homes, but are reluctant to do so because they cannot take their gaming offering with them. Allowing gaming venues to relocate will therefore help to address the Auckland housing crisis.

Auckland City currently has a high concentration of gaming venues in high deprivation areas, while new suburbs, which tend to be lower deprivation areas, have no gaming machines. Allowing relocation of machines from high deprivation areas to more suitable areas, is a positive harm minimisation tool that council can adopt.

Allowing venues to relocate has the following additional benefits:

- Venues can re-establish after a natural disaster or fire.


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- Venues can move out of earthquake-prone buildings.
- Landlords are prevented from demanding unreasonable rentals.
- Gaming venues can move to new, refurbished premises. Allowing local businesses to upgrade their premises and provide a more modern, attractive offering helps to revitalise the business districts, improves the local economy and encourages tourism.
- The possibility of relocation creates fairness in cases of public works acquisition and lease termination.

Not allowing relocation simply entrenches the existing venues in premises that are rundown and located in undesirable areas.

Conclusion

Auckland City currently generates approximately one third of all of New Zealand's gaming funding. Due to the significant decline in gaming machine numbers, this funding is in jeopardy. The Government and the Department of Internal Affairs are now calling for a sustainable class 4 sector, and sustainable class 4 funding. Auckland Council should also consider whether it wishes for the 30% decline to continue, or whether the time has now come for sustainability.

Importantly, Four Winds urges council to make a decision based on objective facts, rather than emotional pleas and speculation.

On behalf of the Four Winds Board & Four Winds Foundation



Randal GODFREY
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